

FEB 21 2006

FEDERAL ELECTION COMMISSION

999 E Street, N.W.

Washington, D.C. 20463

FEB 21 A 9 40

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

RAD REFERRAL: 04L-18

DATE ACTIVATED: 12/20/05

**EXPIRATION OF STATUTE OF
LIMITATIONS: 07/15/09**

SOURCE:

INTERNALLY GENERATED

RESPONDENTS:

**Gallagher for Senate and Kenneth Lancaster, in his
official capacity as treasurer**

RELEVANT STATUTE:

2 U.S.C. §§ 434(a) and (b)

INTERNAL REPORTS CHECKED:

**Disclosure Reports
Referral Materials
Requests for Additional Information
Responses to Requests for Additional Information**

FEDERAL AGENCIES CHECKED:

None

I. INTRODUCTION

**Gallagher for Senate and Kenneth Lancaster, in his official capacity as treasurer
("Gallagher" or the "Committee"), failed to disclose over \$1.3 million of disbursements in the
Committee's July 2004 Quarterly Report. For the reasons set out below, this Office recommends
that the Commission find reason to believe that Gallagher for Senate and Kenneth Lancaster, in
his official capacity as treasurer, violated 2 U.S.C. § 434(b) by failing to report \$1,358,897 in
disbursements and approve an investigation to determine the facts surrounding the reporting
failure.**

II. DISCUSSION

Gallagher for Senate is the authorized committee of Douglas Gallagher, a 2004 candidate for U.S. Senate in Florida. Treasurer Lancaster filed the Committee's July Quarterly Report on July 15, 2004, and reported disbursements totaling \$1,146,493. On September 9, 2004, Assistant Treasurer Richard Pinsky filed an amended July Quarterly Report, and reported \$1,358,897 in additional disbursements. The \$1.3 million comprised the three disbursements outlined below.¹

Date	Vendor	Amount	Purpose
06/15/04	Media Placement Technologies	\$455,992	Television Broadcast
06/18/04	Media Placement Technologies	\$455,256	Television Broadcast
06/28/04	Media Placement Technologies	\$447,647	Television Broadcast

The only explanation the Committee proffered for its reporting failure, *see* 2 U.S.C. § 434(b)(4), came in the following response to the Reports Analysis Division.

The amended July quarterly report, dated September 9, 2004, discloses a substantial increase in disbursements due to wire transfers for media purchases and other large transfers not included on the original report, which were picked up from the bank statements when the bank reconciliations were done.

(Attachment 2). The Committee's response explains how the Committee discovered the additional disbursements, but it does not explain why they were not included in the original July Quarterly Report.

Based on the foregoing, this Office recommends the Commission find reason to believe that Gallagher for Senate and Kenneth Lancaster, in his official capacity as treasurer, violated

¹ Gallagher for Senate, Amended July Quarterly Report, filed 07/15/04, Schedule B, Itemized Disbursements, page 126 (Attachment 1).

1 2 U.S.C. § 434(b) by failing to disclose disbursements totaling \$1,358,897 in its July 2004

2 Quarterly Report.

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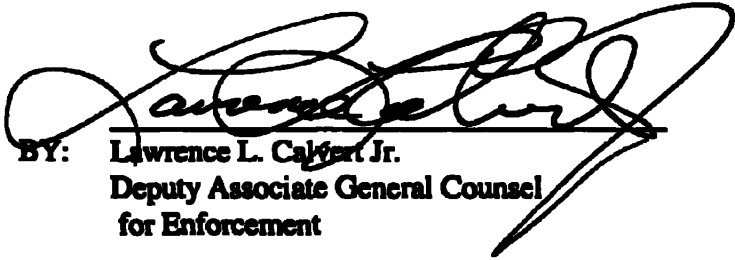
IV. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Gallagher for Senate and Kenneth Lancaster, as treasurer, violated 2 U.S.C. § 434(b).
3. Approve the attached Factual and Legal Analysis.
4. Authorize the use of compulsory process in this matter.
5. Approve the appropriate letter.

Lawrence H. Norton
General Counsel

Date

2/17/06

BY: 
Lawrence L. Calvert Jr.
Deputy Associate General Counsel
for Enforcement


Julie McConnell
Acting Assistant General Counsel


Beth N. Mizuno
Attorney

Attachments:

1. Gallagher for Senate, Amended July Quarterly Report, filed 07/15/04, Schedule B, Itemized Disbursements, page 126
2. Gallagher for Senate, Amended July Quarterly Report, filed 10/01/04, page 1

**SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS**

 Use separate schedule(s)
for each category of the
Detailed Summary Page

 FOR LINE NUMBER:
(check only one)

PAGE 128 / 188

☒ 17 ☐ 18 ☐ 19a ☐ 19b
20a 20b 20c 21

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee

 NAME OF COMMITTEE (in Full)
Gallagher for Senate

 A. Full Name (Last, First, Middle Initial)
Media Placement Technologies

Mailing Address 838 COMMERCE STREET

City Alexandria State VA Zip Code 22314-

 Purpose of Disbursement
TELEVISION BROADCAST
Candidate Name

 004
Category
Type

 Office Sought: ☐ House ☐ Senate ☐ President
State: District: Disbursement For: ☐ Primary ☐ General
☐ Other (specify) ?

 Transaction ID: 0817200411E711
Date of Disbursement

06 / 18 / 2004

Amount of Each Disbursement This Period

450002.00

☐ Refund or Disposal of Excess
Contributions Required Under
11 C.F.R. 400.85

TELEVISION BROADCAST

 B. Full Name (Last, First, Middle Initial)
Media Placement Technologies

Mailing Address 838 COMMERCE STREET

City Alexandria State VA Zip Code 22314-

 Purpose of Disbursement
TELEVISION BROADCAST
Candidate Name

 004
Category
Type

 Office Sought: ☐ House ☐ Senate ☐ President
State: District: Disbursement For: ☐ Primary ☐ General
☐ Other (specify) ?

 Transaction ID: 0817200411E712
Date of Disbursement

06 / 18 / 2004

Amount of Each Disbursement This Period

460258.00

☐ Refund or Disposal of Excess
Contributions Required Under
11 C.F.R. 400.85

TELEVISION BROADCAST

 C. Full Name (Last, First, Middle Initial)
Media Placement Technologies

Mailing Address 838 COMMERCE STREET

City Alexandria State VA Zip Code 22314-

 Purpose of Disbursement
TELEVISION BROADCAST
Candidate Name

 004
Category
Type

 Office Sought: ☐ House ☐ Senate ☐ President
State: District: Disbursement For: ☐ Primary ☐ General
☐ Other (specify) ?

 Transaction ID: 0817200411E713
Date of Disbursement

06 / 24 / 2004

Amount of Each Disbursement This Period

447848.00

☐ Refund or Disposal of Excess
Contributions Required Under
11 C.F.R. 400.85

TELEVISION BROADCAST

SUBTOTAL of Disbursements This Page (addition)

1358097.00

TOTAL This Period (see page 1b line number only)

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SECRETARY OF THE SENATE

KENNETH M. LANCASTER 04 OCT -5 AM 11:01
Certified Public Accountant, P.A.

September 30, 2004

Sent via certified mail

Ms. Jill Sugarman
 Senior Campaign Finance Analyst
 Reports Analysis Division
 Federal Election Commission
 Senate Office of Public Records
 P.O. Box 5109
 Alexandria, VA 22301-0109

Re: Gallagher for Senate
 ID 000396234

Dear Ms. Sugarman:

Thank you for your observations. An accountant has reviewed the previously filed reports and we are submitting amended reports for the periods ending June 30, 2004 and August 11, 2004. All beginning and ending cash balances now agree.

The amended July quarterly report, dated September 9, 2004, discloses a substantial increase in disbursements due to wire transfers for media purchases and other large transfers not included on the original report, which were picked up from the bank statements when the bank reconciliations were done.

As stated above, all reports now agree to the corrected cash balances.

Please let me know if we need to provide any further information.

Sincerely,



Kenneth M. Lancaster
 Treasurer
 Gallagher for Senate

KML/adf

Enclosures

ATTACHMENT 2
 Page 1 of 1